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Well, that is a bit of an exaggeration, but one might think that of the “dismal science” after hearing economists’ responses to questions regarding tourism. In the extreme, economists will altogether deny the existence of a “tourism industry”. Most, however, will simply struggle with the term and offer many caveats to their industrial analysis.

Why such trouble over a term that we so frequently use? Often, journalists will report on the “tourism industry” in Utah and their assessments are logical and to-the-point. Even our local politicians will wax philosophic on the importance to the Utah Economy of the tourism industry. However, if you put the question to an economist, you will most assuredly receive a less-than-clear answer. Is it because economists are confused? Not at all. It is because of the framework they use to analyze business activity. Hopefully, with a bit of explanation you will understand the difficulty in describing this “industry”.

Describing a *TOURIST* is an easy task. She has a camera around her neck, a fanny-pack at her waist, and sensible shoes on her feet. In Utah, you may find her and the rest of her traveling companions at the Temple Square Visitors’ Center or posing underneath Delicate Arch in Arches National Park.

Describing the *tourism* industry, however, is a much more difficult endeavor. Which components of Utah commerce should be put under the umbrella of Utah’s tourism industry? Which should be left out?

Some businesses are largely described as tourist-serving entities. These include hotels, RV parks, and car-rental agencies. However, other businesses may not fit so neatly into the category of tourism, yet are an integral part of the industry. Take, for example, restaurants. When you are on vacation, you probably eat at restaurants frequently. Yet on any given day, most restaurants will serve meals to both local and non-local diners. So, how much of a restaurant’s activity belongs in the tourism industry? Other businesses that fall into this gray area of tourism are grocery stores, health care facilities and gas stations.

As if that isn’t enough to confuse the economic analysis, there is also the seasonality issue. For example, a restaurant in Moab may primarily serve tourists during the summer months, but in the winter their revenue is mainly coming from local patrons. Seasonal issues only compound the difficulty in defining the tourism industry.

The bottom line is that the line separating tourism services from other services is not clear. Because of this, it is difficult to create a definitive list of commercial activity that falls within the definition of tourism, and even more difficult to predict its performance over time. However, because it is such an integral part of the Utah economy, economists, including those here at DWS (who do indeed take vacations from time to time), have developed proxies that allow us to measure and assess the “tourism industry” in Utah. 📍

For more information on the tourism industry in Utah go to: <http://travel.utah.gov/researchplanning.html>





